

Message Text

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PAGE 01 CARACA 14839 301157Z
ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00
CIEP-01 COME-00 DODE-00 FPC-01 H-01 INR-07 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 OES-06 SP-02
SS-15 STR-04 TRSE-00 ACDA-07 FEA-01 PA-01 PRS-01 /096 W
-----301217Z 030997 /17

R 292145Z DEC 76
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 6110
INFO AMEMBASSY GUATEMALA
AMEMBASSY MANAGUA
AMEMBASSY PANAMA
AMEMBASSY QUITO
AMEMBASSY SAN SALVADOR
AMEMBASSY SANTO DOMINGO
AMEMBASSY TEGUCIGALPA
AMEMBASSY SAN JOSE

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GUATEMALA ALSO FOR ROCAP

EO 1165 : NA
TAGS: ENRG OPEC EALR VE
SUBJ: VENEZUELA WILL NOT OFFER SPECIAL OIL PRICES

REF: SAN JOSE 6020 (NOTAL)

BEGIN UNCLASSIFIED

1. SUMMARY. VENEZUELA WILL NOT GRANT
PREFERENTIAL OIL PRICES TO ANY CUSTOMER,
ACCORDING TO GOV AND PETROVEN OFFICIALS, BUT
MECHANISMS ARE BEING CONSIDERED TO FINANCE
FORTHCOMING PRICE INCREASES FOR CENTRAL
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PAGE 02 CARACA 14839 301157Z

AMERICAN AND CARIBBEAN COUNTRIES WITH WHICH VENE-
ZUELA ALREADY HAS SPECIAL AGREEMENTS. END SUMMARY.

2. RESPONDING TO REPORTS THAT VENEZUELA WOULD
EXEMPT CENTRAL AMERICAN COUNTRIES FROM FORTH-
COMING OIL PRICE INCREASES (REFTEL), GOV AND

PETROVEN OFFICIALS INSIST NO PREFERENTIAL PRICES WILL BE GRANTED. MINISTER OF MINES HERNANDEZ TOLD THE PRESS DEC 28 THAT IN KEEPING WITH VENEZUELA'S OPEC COMMITMENTS AND ITS WON PRICING POLICY, ALL OIL EXPORTS WOULD BE BILLED AT THE PRICES IN EFFECT AT THE TIME OF SHIPMENT, REGARDLESS OF DESTINATION. HE ADDED, HOWEVER, THAT THE GOV HAD ALREADY ESTABLISHED SPECIAL FINANCING MECHANISMS TO ASSIST CERTAIN COUNTRIES WHICH DID NOT HAVE SUFFICIENT RESOURCES OF THEIR OWN TO PAY THE GOING PRICE. GEN ALFONZO RAVARD, PRESIDENT OF VENEZUELA'S NATIONAL OIL COMPANY PETROVEN, ISSUED AN ALMOST IDENTICAL STATEMENT.

3. REFERRING TO THE FINANCING AGREEMENTS, VENEZUELAN INVESTMENT FUND PRESIDENT QUERO MORALES STATED AFTER A MEETING WITH PRESIDENT PEREZ DEC 28 THAT FORMULAS TO FINANCE THE PRICE INCREASES FOR CENTRAL AMERICAN COUNTRIES WERE BEING STUDIED AND THAT AN ANNOUNCEMENT WOULD BE MADE BY THE PRESIDENT SOON. QUERO MORALES WAS ALSO ASKED ABOUT CRITICISMS BY THE DOMINICAN REPUBLIC'S FINANCE MINISTER OF THE BILATERAL FINANCING AGREEMENT JUST SIGNED WITH THAT COUNTRY. HE EXPLAINED THAT WITH THIS AGREEMENT, WHICH WAS SIMILAR TO THOSE WITH OTHER COUNTRIES ENCOUNTERING OIL-RELATED BALANCE OF PAYMENTS PROBLEMS, VENEZUELA WOULD FIANCE THE COST OF OIL IN EXCESS OF \$6 PER BARREL AT EIGHT PERCENT LIMITED OFFICIAL USE

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PAGE 03 CARACA 14839 301157Z

INTEREST, AND THUS THE AGREEMENT WAS NOT DIS-ADVANTAGEOUS TO EITHER COUNTRY. END UNCLASSIFIED

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4. CONFIRMING MINISTER HERNANDEZ'S PUBLIC STATEMENT, PETROVEN MARKETING DIRECTOR, ALIRIO PARRA TOLD EMBOFF THAT THE NATIONAL OIL COMPANY DEFINITELY WOULD NOT GRANT PRICE DISCOUNTS, AND THAT AS OF JAN 1, ALL BUYERS WOULD PAY THE HIGHER PRICES FIXED BY PETROVEN IN ACCORD WITH THE RECENT OPEC DICISSION. (PETROVEN IS EXPECTED TO INCREASE MOST IF NOT ALL CRUDE OIL PRICES BY AT LEAST \$1.19 PER BARREL, THE DOLLAR AMOUNT EQUIVALENT TO OPEC'S 10 PERCENT INCREASE, AS MEASURED AGAINST PRICES IN EFFECT THE FIRST QUARTER OF 1976.) PARRA ADDED THAT PRICE DIFFERENTIALS TO SPECIFIC

DESTINATIONS WOULD BE IMPOSSIBLE TO ADMINISTER, SINCE MOST EXPORTS ARE NOT MADE DIRECTLY BY PETROVEN, BUT THROUGH SALES TO THE MAJOR OIL COMPANIES WHICH PURCHASE OIL AND REFINED PRODUCTS FOR SHIPMENT THROUGH THEIR OWN MARKETING CHANNELS.

5. COMMENT. PETROVEN PERIODICALLY ADJUSTS THE EXPORT PRICES OF ITS CRUDE OILS AND REFINED PRODUCTS, BUT HAS NOT, TO OUR KNOWLEDGE, OFFERED SPECIAL DISCOUNTS ON SALES TO SPECIFIC DESTINATIONS. IT IS HIGHLY UNLIKELY THAT THIS POLICY WILL NOW CHANGE; INSTEAD THE GOV IS EXPECTED TO CONTINUE TO IMPLEMENT ITS FOREIGN POLICY OBJECTIVES THROUGH OTHER FORMS OF FINANCIAL ASSISTANCE TO SELECTED COUNTRIES. VAKY

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Margaret P. Grafeld
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